Individual Cabinet Member Decision

Delivery of Replacement Housing System

Report of Chief Officer – Housing and Property

PURPOSE OF REPORT					
The report seeks approval to procure a replacement for the existing Council Housing IT systems with a fit for the future solution, which incorporates a mobile working solution across the service and a self-service offering for our tenants.					
Key Decision	**X**	**Non-Key Decision**		**Referral from Cabinet Member**	
Date of notice of forthcoming key decision		**16th July 2024**			
This report is public.					

RECOMMENDATIONS OF COUNCILLOR CAROLINE JACKSON

1.   That approval be given for the Council Housing Service to complete the procurement process, and commit reserve spend to purchase and implement a new Housing system as laid out in the report.

2.   That the final terms and conditions of the contract with the successful supplier be negotiated by the Chief Officer – Housing and Property, in consultation with Legal Services and the Chief Executive be delegated to award the contract to the preferred supplier.

1.0 Introduction

1.1   The Housing and Property service has a number of disparate case record management systems, originally implemented in 2005, which are reaching end of life and are no longer fit for purpose in delivering a modern social housing service in line with new regulations and requirements. Implemented effectively, full system replacement will provide the foundations for modern, customer focussed housing service delivery for the next decade or more. Without embarking on this project, it will become increasingly difficult to deliver services for a number of reasons:

a)   Legislation

Social housing regulation is undergoing a profound shift. The Social Housing Regulation Act 2024 has given the Regulator of Social Housing new powers to regulate landlords against a newly developed set of standards.

Under these new standards there are increased expectations on the housing service to, among other things, ensure tenants are safe in their homes; listen to tenants complaints and respond promptly to put things right; know more about the condition of every home and the needs of people who live in them; and collect and use data effectively across a range of areas, including repairs.

Current systems are no longer capable of effectively capturing tenant and property data and delivering services which are driven by this. There is no single source of

truth which allows us to effectively measure service delivery against these standards and to put in place processes and procedures that support staff in achieving them. Whilst we are currently attempting to fill this gap through manual processes, it is becoming increasingly difficult to do so, both in terms of resources, capacity and data authenticity. Failure to achieve the required standards will impact service delivery to tenants and puts the service at risk of unlimited penalties issued by the regulator.

b)   Archaic infrastructure

The current Ohms housing management system sits on outdated infrastructure which is becoming more difficult and costly to support. Whilst the housing service have put support measures in place for the short term, this is not sustainable in the medium - longer term and continued use poses an unacceptable level of risk with potential for complete system failure and loss of service, with consequent adverse effects on critical services.

c)   Security risk

Ohms and Total Repairs, the two key systems used across Council Housing were both last upgraded in 2023; the versions currently in use will be de-supported in Mar 26 and Aug 26 respectively. Use beyond that point is inconsistent with our security policy as it leaves us vulnerable to cyber-crime thus posing an unacceptable level of risk.

The Housing systems hold both personal and special category data as laid out in the GDPR and loss of this type of data would have a detrimental impact on the Council's reputation but more importantly could result in physical or material damage to our tenants such as loss of control over their personal data, discrimination, identity theft or financial loss.

1.2   As described in 3.2 (below) a competitive procurement process through the Crown Commercial Service Framework has been carried out. The successful supplier has been identified and due diligence is being carried out.

2.0   Proposal Details

2.1   The proposal is to replace the existing Council Housing back-office systems with a fit for the future solution, which incorporates mobile working solutions across the service and delivers a self-service offering to our tenants as part of a phased digital channel shift across the Housing service.

2.2   The plan is to migrate from our existing Housing systems to a single hosted solution utilising a secure offsite data centre. This will offload the risks of maintaining multiple niche systems in-house and afford us a high level of security and resilience for the system and the data contained within it.

2.3   The proposed solution offers functionality that can fundamentally change the way we work and our offering to customers. It will support our digitisation and digitalisation aims across the board and enable business processes to be optimised so they're effective and customer centred. It will give us the capability to gather the existing disparate information together, digitally in one place to give staff a holistic view of properties, tenants and tenancies. Consequently, staff will be better informed and better able to provide accurate

information and a high level of service at the point of contact.[1]

2.4 In addition to the core housing functions, the solution affords a number of features and capabilities that can revolutionise the way we work:

a) Assets, property, compliance and energy are currently managed through a number of excel spreadsheets which don't feed into back-office systems. The proposed solution will provide an overarching view of this information so staff have the full picture and can take a more proactive approach to maintaining our assets and planning works.

b) Mobile working across Housing will support our plan to maximise every visit by providing a simple, tracked process to raise issues with and communicate problems to colleagues, effectively utilising our staff as the eyes and ears of the service.

c) User defined workflows across the system will help in streamlining every process and ensuring tasks are picked up by the appropriate user / team at every stage.

d) The proposal supports channel shift through the provision of a customer portal; a self-serve option for customers enabling them to access their information when it suits them and log their own calls for service rather than contacting our customer services team. Whilst this won't be the first choice for all customers, it will enable the customer services team to support those customers who need it the most. It will also enable us to identify those customers who may be digitally excluded and identify ways to support them, feeding into other key projects in the service.

e) The replacement of archaic legacy systems with a new system built on modern architecture is the start of a digital transformation journey and will put the Council Housing service in a strong position to continue along that journey, utilising the latest technologies to both modernise the service we deliver and optimise the customer experience.

f) The system we're proposing will equip us with a future-proofed solution that is secure, manageable and can provide key business insight to support us in making the right decisions for the service going forward.

3. Financial Considerations

3.1. Full housing system replacement is a planned project, the groundwork for which has been ongoing for the past two years. The HRA Budget Report approved by Cabinet in February 2024 has given budget approval to access the earmarked ICT and Systems Improvement Reserve for the procurement and implementation of this project.

3.2. Procurement for the new system has been carried out through the CHEST system with the support of legal and procurement colleagues. The successful supplier has been identified and will be appointed in the coming weeks. From this point the implementation plan can be developed.

3.3 Assuming a mid-year commencement of the project the figures below (Table 1) show the cost to the ICT and Systems Improvement Reserve. It should be noted that staffing and recruitment of a dedicated team form part of the implementation costs. Balance of the

---

[1] Digital transformation work carried out carried by Customer Services during 2023/24 has shown that residents clearly have an appetite to engage with us via a digital channel. In that year, 76% of all waste-collection service requests were received via our 24/7 self-service platform. A total of 28,000 phone calls and 21000 emails are received annually in relation to Council Housing Services, making this a key area within the Council for potential digital channel shift.

reserve at 31/3/24 is £963,205 which is a shortfall of £23,595 (to note: 'years' in Table 1 refer to project years, not financial years. Costs have been adjusted to reflect a project start mid-year 2024/25).

3.4 Full housing system replacement will ultimately remove the need for a number of current systems. From year 4 onwards the annual cost of the new system is expected to be relatively cost neutral compared to the total cost of the multiple current systems. There are cost savings to the wider Council as Civica Property Management will be replaced as part of this project; additionally, the infrastructure to support on-premise systems will no longer be required. See Table 2.

3.5 As a result of the features outlined in section 2 (above) it is anticipated that the streamlining and integration of processes across a range of areas within the Housing Service will realise significant efficiencies. Although it is not possible to quantify the efficiencies at this stage, with work arounds of current system solutions no longer required, improved internal and external communication, improved movement and exchange of data, more effective back-office administration and process management, and channel shift and increased digitalisation of service delivery, the opportunity exists to transform the way that housing services are delivered.

Table 1:

Price				
	Year 1	Year 2	Year 3	Year 4 onward
Implementation of the service:	£225,000	£0	£0	£0
Software as a Service[2]		£51,200	£102,400	£102,400
Indexation %				CPI Indexation
Data extract (from existing systems)	£20000	£20000		
LCC Recruitment	£178,400	£189,300	£200,500	
Amount funded from earmarked reserve	£423,400	£260,500	£302,900	
Total from reserves		**£986,800**		

Table 2:

Systems to be replaced	System obsolete date	Savings by project year			
		Year1	Year2	Year3	Year4 onward
Locata – Choice Based Lettings	N/A				£22,000
NEC Ohms - Housing	Mar 26			£39,400	£39,400
Total Repairs - Repairs	Oct 26			Cost incl in NEC Ohms	Cost incl in NEC Ohms
Total Mobile - Repairs	N/A			£14,300	£14,300
Civica Property[3] Management	N/A			£38,000	£38,000
Total				**£91,700**	**£113,700**

4.0 Details of Consultation

4.1 Consultation with internal stakeholders across the service has been undertaken to ensure that the Invitation to Tender (ITT) captured the essential, high, medium and low requirements for each area. These stakeholders have continued to input to the procurement exercise, marking the responses and attending demos to ensure the system

---

[2] Software as a service includes the annual support and maintenance cost as well as the cost of hosting the Council's data in a secure offsite data centre.
[3] Cost savings for Civica Property Management are General Fund savings.

will meet the specified needs.

4.2 Consultation with our customers has been undertaken through TPXImpact, a digital transformation company who were brought in to help us undertake a review of our service with a view to understanding where improvements would provide maximum payback. The feedback made clear that our customers would value a means of accessing their information and requesting services digitally.

5.0   Options and Options Analysis [including risk assessment]

Table 3:

	Option 1: Replace the housing back office systems and associated ad hoc data stores, including self serve options for customers and mobile working facilities for staff	**Option 2:** Retain the existing systems
Advantages	Provides a single source of truth which can be accessed across Council Housing and supports all staff to provide a better, more efficient service.	None
	Facilitates mobile working across Estate Management, Income Management, Assets and RMS, enabling improved working processes and productivity, enabling us to fully utilise every visit to a property to check assets and tenants / report back issues.	
	Facilitates workflows to optimise processes / efficiency.	
	Provision of a customer portal affords 24-hour self-serve options for tenants creating capacity for staff to give additional support to those customers who need it.	
	Systems built on up-to-date infrastructure offer the capability to integrate with the latest technologies to enable the service to move toward proactive asset / tenant management e.g. boiler sensors	
	Capability and support to implement / manage / monitor new legislative requirements	
	No long-term requirement for Oracle Solaris support. System maintenance is delegated to the supplier and managed in accordance with a Service Level Agreement resulting in a reduced risk footprint and higher availability thus improving our service to customers.	
	Application will always be supported in accordance with City Council Policy	
	Disaster recovery / contingency is delegated away from City Council and managed in accordance with Service Level Agreement, reducing the risk of service to customers being disrupted.	
	Timely security issue remediation managed in accordance with a Service Level Agreement.	

Disadvantages	Cost of system (potentially offset with some savings in system licensing, a reduction in Oracle licensing and no future requirement to replace in-house architecture)	Does not provide a single source of truth
		No mobile working across Estate Management, Income Management, Assets
		No facility to implement workflows behind processes
		Limits customer choice in terms of their interaction with us i.e No customer portal
		Limited capability to interface with new technologies so restricting our ability to move toward proactive asset / tenant management e.g. boiler sensors
		No capability to implement / manage / monitor new legislative requirements
Risks	A dispute arising between us and the supplier The supplier ceases trading Inadequate resourcing by LCC Escalating implementation costs	Continuing to run de-supported database and applications would pose a significant security risk with the potential for criminals to access highly confidential data which fall under both the personal and special categories as detailed in the GDPR. Cost and resource implication of long-term requirement for Oracle Solaris support. Consultancy services in this area are becoming scarce and consequently, more costly. Susceptible to IT infrastructure failure on premises (Firewall / Server / Network) and problems inadvertently introduced by City Council staff. This option carries unacceptable business risk.

6.0 Officer Preferred Option (and comments)

6.1 The preferred option is to replace existing housing back-office systems and associated ad hoc data stores and to provide self serve options for customers and mobile working facilities for staff.

6.2 There are some risks with both options as laid out in Table 3 'Options and Options Analysis' however, continuing use of current systems carries an unacceptable business risk from a security perspective and makes it increasingly difficult for the service to provide the necessary services and measure against newly introduced and future housing measures.

6.3 Throughout the market testing phase, we have taken steps to mitigate the risks of system replacement, for example we have developed a full understanding of our requirements to ensure that we procure a solution which can meet our needs both now and in the future; we've linked with and learned from counterparts at other HA's so we can take steps to avoid making the same mistakes, for example we have requested pricing based on outcomes rather than days taken, to reduce the risk of escalating implementation costs.

6.4 Whilst it isn't possible to fully mitigate risks for the preferred course of action, the risks of taking no action far outweigh them.

7.0 Conclusion

7.1 The existing back-office systems across Housing are no longer fit for purpose and we have recently been advised that they are due to reach end of life in 2026. From that time there will be no security updates, no legislative changes or bug fixes or the ability to log support calls. There is an urgent need to put in place an appropriate, up to date and fully supported solution which facilitates optimised processes for the Housing and Property Service whilst resolving current and future security vulnerabilities which put the Council and our customers at risk.

7.2 Full housing system replacement is a planned project, the groundwork for which has been ongoing for the past two years. Contributions to the earmarked reserve have been maintained for the purpose of this system replacement.

7.3 All relevant areas of the service have had input to this procurement to ensure we've fully captured our requirements. We've undertaken a full procurement exercise to ensure the proposed solution is the most closely matched on the market and we are confident from the submission that the supplier will work with and support us through the implementation.

7.4 This procurement will not only enable the Housing and Property service to replace the key, soon to be de-supported databases, it will also replace the numerous ad hoc spreadsheets currently being used to store data, with a single solution.

7.5 Armed with mobile working functionality, a customer portal and a suite of advanced capabilities including automatic updates, analytics to react effectively in real time as well as AI and automation capabilities, it will support our digitalisation and channel shift aspirations, enabling staff to work digitally, and tenants to access information at their fingertips.

RELATIONSHIP TO POLICY FRAMEWORK

This project:
1. Delivers action 4.11 of the Council Housing Service Improvement Plan
2. Supports council priority: Co-operative, kind and responsible Council
3. Supports the Council's ambition to deliver: Innovative public services
4. Supports compliance against the Transparency, Influence and Accountability standard of the Social Housing Regulator's Consumer Standards

---

CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Human Resources, Sustainability and Rural Proofing)

New housing systems have the potential to transform the way the housing service interacts with tenants and residents. While channel shift and digitalisation is a key aspect of the project it is recognised that for a significant section of customers the preferred method of communication and interaction will remain by phone, face to face, in writing, etc. Implementation of new systems will ensure this mode of service remains fully supported.

An ability to capture relevant information about customers (around vulnerability, health, communication needs, etc.) through the new system will support delivery of services which are able to adapt to these needs as appropriate, and in line with the expectation within the Regulator of Social Housing's Consumer Standards.

LEGAL IMPLICATIONS

The new IT system has subject to a competitive procurement process. Legal advice and assistance should be obtained in relation to the completion of any agreements for the new system. The contract for the IT system should be appropriately managed by officers to ensure that the system is effectively and properly delivered for the lifetime of the contract.

FINANCIAL IMPLICATIONS

Approved as part of the 2024/25 budget setting process, the HRA revenue budget includes provision of £963K to purchase and implement new housing management software to support delivery of modern, resident focussed housing services. This amount is to be spent over a three-year period, funded from the HRA's ICT and Systems Improvement Reserve. As this will utilise the balance on the ICT and Systems Improvement Reserve in full, any amount over and above the £963K (currently anticipated to be £24K) will require support from the HRA revenue account, either directly or by way of an additional contribution to the ICT and Systems Replacement Reserve. This will be considered during the upcoming 2025/26 budget setting process. Future revenue estimates will also be updated to reflect changes to the annual cost of software support and maintenance going forwards.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

This is a major systems project which will require significant ICT resource through the implementation phase and with ongoing ICT front desk support for devices to support mobile working

SECTION 151 OFFICER'S COMMENTS

Officers have confirmed that the ITT specification includes the requirement to integrate with Civica Financials and Civica Pay. As a high volume, high value procurement service it is expected that significant efficiencies will be made via the extension of the Council's Procure 2 Pay (P2P) to cover this area

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and his comments have been incorporated into the report.

BACKGROUND PAPERS	Contact Officer: Pete Linsley
None	**Telephone:** 01524 586873
	E-mail: plinsley@lancaster.gov.uk
	Ref: